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Farmers prices and net income next year are not expected to differ greatly from those of 1951.

Most important factor in the outlook for 1952 is the continued expansion of the Nation's defense program. According to current plans, spending for defense in the fall of 1952 will be at an annual rate of around 65 billion dollars compared with 41 billion in the third quarter of this year.

Higher defense expenditures are expected to result in a further rise in consumer income, and a continued strong demand for farm products and other goods and services in 1952. With taxes higher, however, disposable income of consumers is expected to go up considerably less than the 9 percent gain registered from the third quarter of 1950 to the same quarter of 1951. Furthermore, consumers are saving at the highest rate in the postwar period.

Foreign demand for farm products is likely to stay fairly strong. In the 1951-52 fiscal year, more cotton and tobacco, about same amount of wheat and less coarse grains, dairy and poultry products are expected to be shipped abroad than in 1950-51.

Weather permitting, farmers are likely to respond to the current situation with record production. Food consumption per person in the coming year probably will be slightly above the 1951 level even though the population will be two million larger.

Large supplies are expected to hold prices received by farmers generally near the 1951 level despite strong demand. Weather is always one of the biggest uncertainties in the farm price picture. An unfavorable growing season in 1952 would result in considerable upward pressure on prices, particularly in the last half of the year.

Farmers' production expenses, which set a new record this year, will continue to rise and may average about 5 percent higher in 1952. Supplies of production goods are expected to be sufficient to permit large farm production though some items will be relatively scarce.

Larger farm marketings at prices averaging near 1951 levels would result in an increase in farmers' cash receipts next year. Because of the rise in production costs, however, farmers' realized net income probably will be about the same as the 15 billion dollars now estimated for 1951.

The net income realized by farm operators this year is about 2.3 billions above the postwar low of 1950, but 2 billion less than the all-time peak of 1947. Because of rising costs of living, the purchasing power of farmers' net income in 1951 is higher than in 1949 and 1950 but otherwise the lowest since 1941.

In contrast to the ups and downs of farm income, non-agricultural personal income has risen each year since 1938. It reached a new record in 1951 and is expected to go higher in 1952.

LIVESTOCK AND MEAT More cattle and calves will go to market in 1952. This year, cattlemen were building up herds rapidly, adding 6 or 7 million head to 84 million on hand as 1951 began. Cattle slaughter for 1951 is at a 10-year low and calf slaughter at an 18-year low. Based on past trends in the upward side of the cattle cycle, favorable prices and generally adequate feed supplies, it seems reasonable to expect that combined output of beef and veal in 1952 will total about a tenth above this year.

Increased slaughter in prospect is not likely to result in substantial declines in prices of cattle and calves in 1952. However, some price reductions may occur at times of largest marketings.

The number of hogs produced is levelling off after going up the last five years. Prospects indicate the possibility of some decline in 1952. An important factor in the changing trend is reduction in feed supplies relative to number of livestock and poultry to be fed. Hog prices in 1952 are not expected to change much from 1951.

DAIRY PRODUCTS With demand stronger and production likely to be about the same, prices for milk and other dairy products probably will average higher in 1952 than in 1951. The gain in cash receipts probably will be offset by higher costs and net income of dairymen will be about the same as this year.

POULTRY AND EGGS Egg production in the spring of 1952 probably will be above the same period of 1951. The number of potential layers on farms next January 1 is likely to be 2 to 4 percent above a year earlier and the rate of lay probably will be higher. With demand strong, prices of eggs probably will average about the same, or a littler lower, than last spring.

The chicken meat supply for next year will include more broilers and about the same amount of farm chicken. Demand probably will be strong enough to hold prices near 1951 levels.

Farmers are increasing output of small turkeys rapidly and probably will continue to do so next year. Small birds can be produced on a year-round basis more easily than larger birds; are also more suitable for year-round consumption.

FEEDS The Nation will dip further into its feed reserves in 1951-52. Total supply of concentrates for 1951-52 is 176 million tons, 4 percent less than in the last 2 years. Total quantity fed livestock is expected to be heaviest since World War II; probably will exceed 1951 production by 8 to 10 million tons. This would leave reserves below prewar average in relation to livestock numbers and production.

With demand for feed strong, prices probably will average a little higher than in 1950-51.

FATS AND OILS Fats and oils prices started the 1951-52 season at about the same level as at the beginning of 1950-51 but are not likely to make the sharp rise that occurred last fall and winter. U. S. output is expected to total about 12.6 billion pounds, a new record. Supplies of food fats are large enough to permit consumption and exports at high levels and still leave increased stocks at the end of the year.

WHEAT Farmers are likely to produce enough wheat in 1952 to provide for some increase in stocks after consumption and exports, if growing conditions are average. Farmers' prices for next year's crop are to be supported at a minimum of \$2.17 per bushel.

FRUITS Stronger consumer demand for fruit is expected in 1952 but demand from processors may not be as strong because of larger carry-over of canned fruits. With average weather, the 1952 crop of deciduous fruits probably will be smaller than the 1951 crop. Under these conditions, prices of deciduous fruits next year probably will average about the same as in 1951.

Larger production and somewhat lower prices are expected for oranges in 1951-52 than in 1950-51. The reverse is in prospect for grapefruit.

VEGETABLES Output of fresh vegetables in the first quarter of 1951 probably will be considerably larger than a year earlier when bad weather cut production. If this occurs, prices probably will be some lower than those of early 1951.

Demand for potatoes next year is expected to be about the same as in 1951. In 1951, for the first time in several years, potato supplies are not in heavy surplus.

Some increase in sweetpotato acreage next year seems probable because of relatively high prices received for this year's small crop. However, price prospects for alternative crops also are favorable; probably will prevent a large increase in sweetpotato acreage.

COTTON U. S. consumption and exports of cotton are expected to continue high in 1951-52. Despite this year's large cotton crop—estimated at 16.9 million bales in October—carryover next August 1 is expected to be about 3 million bales, only a little above the 2.2 million on August 1 this year and the third smallest in 24 years.

WOOL With the national sheep herd increasing in size, wool production in 1952 probably will be somewhat larger. Prices to growers next year probably will average above the September, 1951 level of 66.9 cents. Prices are not likely to rise to the record levels of last spring.

TOBACCO U. S. cigarette manufacture, which takes close to 80 percent of all tobacco used in the U. S., is likely to top the 1951 record level. Cigar output also is likely to increase while production of smoking tobacco, snuff and chewing tobacco are not expected to change much.

Exports of unmanufactured tobacco are expected to continue near 1951 levels.

